

Semi-Annual Investors Meeting  
FY2014.3 (Fiscal Year Ending March 31, 2014)

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I . Financial Results for 1<sup>st</sup> Half of FY2014.3

Hidenori Fujii

Corporate Executive Officer and  
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Central Japan Railway Company

October 30, 2013 1

## Summary of Financial Results for 1<sup>st</sup> Half of FY2014.3 (Consolidated)

(billion yen)

	1 <sup>st</sup> Half of FY2013.3 (Apr-Sep) Results A	1 <sup>st</sup> Half of FY2014.3 (Apr-Sep) Results B	Change (B-A)
Operating Revenue	789.8	814.7	+24.9
Operating Expenses	546.1	526.5	-19.5
Operating Income	243.6	288.1	+44.5
Non-operating Income (Loss)	-58.9	-42.2	+16.6
Ordinary Income	184.7	245.9	+61.1
Net Income	114.2	159.5	+45.3

Long-term debt and payables at the end of 1<sup>st</sup> half of FY2014.3 :  
2,575.3 billion yen (-646 billion yen compared to the end of FY2013.3 )

2

- I would like to give you a summary of our consolidated financial results for the first half of FY2014.3.

- Operating revenues increased by 24.9 billion yen year on year (YoY) mainly because transportation revenues of JR Central increased by 20 billion yen (YoY) due to the steady increase in the use of its services for business as well as for tourism, and because revenues from sales by JR Tokai Takashimaya and NIPPON SHARYO increased.

- Operating expenses decreased by 19.5 billion yen YoY due to a substantial decrease in non-personnel expenses mainly because JR Central stopped reserving the provision for large scale renovations and began appropriating the provision even though the cost of goods sold by group companies, such as NIPPON SHARYO, increased.

- Non-operating expenses decreased by 16.6 billion yen YoY due to a decrease in interest expenses as well as a decrease in losses from the early repayment of long-term debt and payables, etc.

- As a result, consolidated operating income, ordinary income and net income increased YoY.

## Summary of Financial Results for 1<sup>st</sup> Half of FY2014.3 (By Segment)

(billion yen)			
	1 <sup>st</sup> Half of FY2013.3 (Apr-Sep) Results A	1 <sup>st</sup> Half of FY2014.3 (Apr-Sep) Results B	Change (B-A)
Operating Revenue	789.8	814.7	+24.9
Transportation	624.7	631.1	+6.3
Merchandise and Other	103.0	105.3	+2.2
Real Estate	31.9	32.9	+0.9
Other	95.2	106.9	+11.6
Operating Expenses	546.1	526.5	-19.5
Operating Income	243.6	288.1	+44.5
Transportation	230.2	272.9	+42.6
Merchandise and Other	3.3	3.8	+0.4
Real Estate	7.7	7.7	0
Other	1.8	2.2	+0.3

\* Figures by segment for operating revenue and operating income are values without offsetting and eliminating intersegment transactions  
\* Total values of segment for operating revenue and operating income are not equal to Operating Revenue and Operating Income indicated above.

3

- Next is a summary of our financial results by segment.
- The Transportation segment saw increases in revenue and income mainly due to an increase in JR Central's transportation revenue and a substantial decrease in JR Central's non-personnel expenses.
- The Merchandise and Other segment saw increases in revenue and income mainly due to increases in sales by JR Tokai Takashimaya and Tokai Kiosk.
- The Real Estate segment saw an increase in revenue and income mainly due to an increase in the rent revenues from JR Tokai Real Estate.
- The Other segment saw an increase in revenue and income mainly due to an increase in sales of exported goods by NIPPON SHARYO.

## Summary of Financial Results for 1<sup>st</sup> Half of FY2014.3 (Non-Consolidated)

(billion yen)			
	1 <sup>st</sup> Half of FY2013.3 (Apr-Sep) Results A	1 <sup>st</sup> Half of FY2014.3 (Apr-Sep) Results B	Change (B-A)
Operating Revenue (Transportation Revenue)	625.8 (581.6)	631.7 (601.7)	+5.9 (+20.0)
Operating Expenses	393.5	357.5	-35.9
Personnel Expenses	85.9	87.1	+1.2
Non-personnel Expenses	184.5	140.9	-43.6
Energy	17.9	20.6	+2.7
Maintenance	79.3	37.2	-42.0
Others	87.3	82.9	-4.3
Tax other than income taxes	16.5	16.3	-0.2
Depreciation & Amortization	106.4	113.1	+6.6
Operating Income	232.2	274.2	+41.9
Ordinary Income	174.3	232.6	+58.2
Net Income	109.1	153.2	+44.0

4

- Next, I would like to discuss the non-consolidated financial results.
- The transportation revenue of JR Central increased 20.0 billion yen YoY. Operating revenues increased by 5.9 billion yen YoY due to a decrease in compensatory payment to JR Central made in conjunction with construction in which JR Central engaged on behalf of other JR companies. This compensatory payment is treated as operating costs so income is not affected.
- Next let's look at the operating expenses of JR Central.
- Personal expenses increased by 1.2 billion yen YoY mainly due to an increase in the insurance rates of the JR Group health insurance association.
- Energy expenses increased by 2.7 billion yen YoY mainly due to an increase in electricity unit price resulting from the weak yen and the raising of utility rates by electric companies.
- Maintenance expenses decreased by 42.0 billion yen YoY mainly because JR Central stopped reserving the provision for the large scale renovation and began appropriating the provision, and also because of a decrease in the amount of work subject to compensation compared with the previous year.
- Other expenses decreased by 4.3 billion yen YoY mainly due to a decrease in the commissions paid to other JR companies.
- Depreciation and amortization increased by 6.6 billion yen YoY because depreciation for the Yamanashi Maglev Test Line increased due to the restart of running tests in August while depreciation for Shinkansen rolling stock and infrastructures decreased.
- As a result, operating income increased by 41.9 billion yen YoY and ordinary income increased by 58.2 billion yen YoY mainly due to a decrease in interest payments and a decrease in losses from the early repayment of long-term debt and payables thereby resulting in an increase in net income of 44.0 billion yen YoY.
- Numbers for Q2 appear to show a large increase in income, but this is because large scale renovations have not completely begun and also because depreciation costs for the Yamanashi Maglev Test Line only cover the two month period from August to September.

## II. Performance Forecast for FY 2014.3 and Key Policy Developments

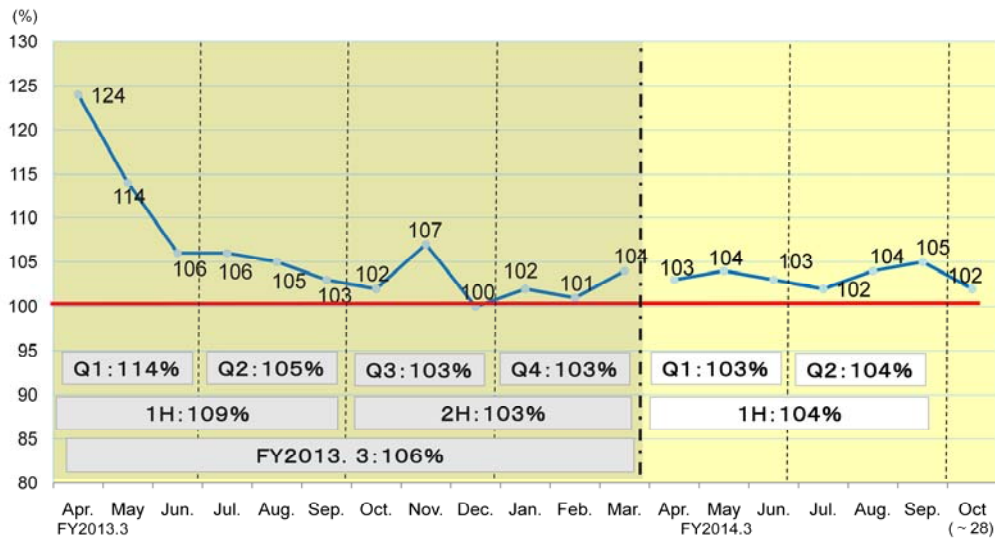
**Katsumi Miyazawa**

Director, Senior Executive Officer and  
Director General of Corporate Planning Division



## Tokaido Shinkansen Passenger Volume

◆ Tokaido Shinkansen Cross-Sectional Passenger Volume (YoY, Tokyo area)



6

- I would like to discuss the current passenger volume of the Tokaido Shinkansen.

-Total passenger volume in the first half of FY2014.3 was 4% higher YoY. If we look at a break down by days of the week, we can see that use of Tokaido Shinkansen services increased by 4% on weekdays when the majority of use is for business and also increased by 4% on weekends when the services are used by primarily tourists thereby showing favorable increases for both business and tourism.

- Heading into the second half of FY2014.3 we saw little change with a 2% increase YoY between October 1<sup>st</sup> and October 28<sup>th</sup> in the number of Shinkansen users.

Revised Performance Forecast for FY2014.3 (Non-Consolidated)			
(billion yen)			
	FY2014.3 Previous Forecast (A)	FY2014.3 Revised Forecast (B)	Change (B-A)
Operating Revenue (Transportation Revenue)	1,234.0 (1,172.1)	1,253.0 (1,190.6)	+19.0 (+18.5)
Operating Expenses	831.0	836.0	+5.0
Personnel Expenses	174.0	174.0	—
Non-personnel Expenses	365.0	366.0	+1.0
Energy	41.0	42.0	+1.0
Maintenance	139.0	139.0	—
Others	185.0	185.0	—
Tax other than income taxes	34.0	34.0	—
Depreciation & Amortization	258.0	262.0	+4.0
Operating Income	403.0	417.0	+14.0
Non-Operating Income (Loss)	-78.0	-86.0	-8.0
Ordinary Income	325.0	331.0	+6.0
Net Income	213.0	218.0	+5.0

7

- Let's look at the revised non-consolidated performance forecast for FY2014.3.

- Originally we expected transportation revenue for FY 2014.3 to increase by 3.0 billion yen YoY in total with 1.5 billion yen increase during the first half and second half of FY2014.3. Actual results show that transportation revenue for the first half of FY2014.3 increased by 20.0 billion yen YoY which is an 18.5 billion yen increase over the original forecast. The forecast for transportation revenue during the second half of FY2014.3 is expected to be the same as the original forecast. So, forecasted transportation revenue for FY2014.3 is 1,190.6 billion yen, which is the original forecast plus 18.5 billion yen.

- We expect operating expenses to increase by 5 billion yen over the previous forecast mainly due to an increase in depreciation resulting from the early restart of running tests on the Yamanashi Maglev Test Line and also due to an increase in energy costs from increases in electric utility rates.

- In order to strengthen our financial standings, we plan to make early repayment on corporate bonds during the second half and include the loss from early repayment thereby increasing non-operating expenses by 8 billion yen compared with the previous forecast.

- As a result, ordinary income is expected to be 331 billion yen, a 6 billion yen increase compared to the previous forecast, and net income should be 218 billion yen, a 5 billion yen increase compared to the previous forecast.



## Revised Performance Forecast for FY2014.3 (By Segment)

	(billion yen)		
	FY2014.3 Previous Forecast (A)	FY2014.3 Revised Forecast (B)	Change (B-A)
Operating Revenue	1,598.0	1,621.0	+23.0
Transportation	1,232.3	1,251.5	+19.2
Merchandise and Other	210.8	218.9	+8.1
Real Estate	66.1	66.1	—
Other	242.2	243.8	+1.6
Operating Expenses	1,171.0	1,177.0	+6.0
Operating Income	427.0	444.0	+17.0
Transportation	399.9	414.1	+14.2
Merchandise and Other	6.5	7.1	+0.6
Real Estate	14.3	14.4	+0.1
Other	7.3	8.3	+1.0
Non-Operating Income (Loss)	-80.0	-88.0	-8.0
Ordinary Income	347.0	356.0	+9.0
Net Income	222.0	229.0	+7.0

\* Figures by segment for operating revenue and operating income are values without offsetting and eliminating intersegment transactions  
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8

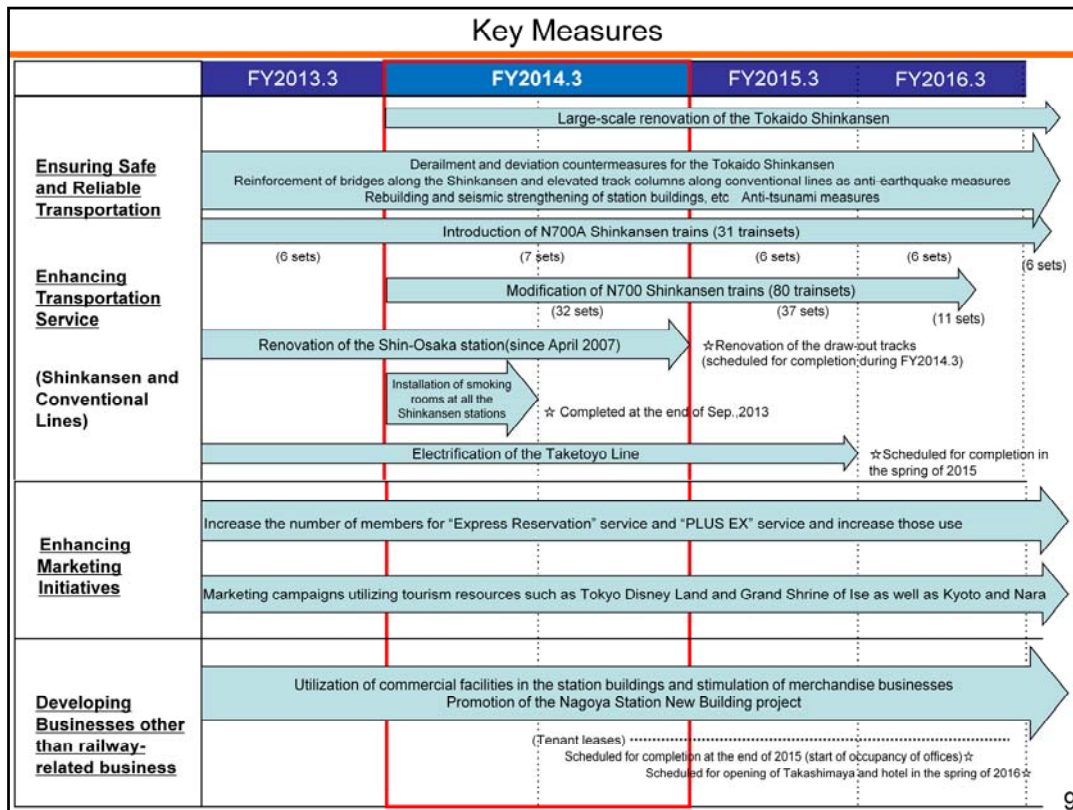
- Next I would like to talk about the consolidated performance forecast for FY2014.3.

- Operating revenue is expected to be 1,621 billion yen, which is a 23 billion yen increase compared to the previous forecast and includes an increase in the transportation revenue of JR-Central and an increase in sales of goods by group companies, such as JR Tokai Takashimaya.

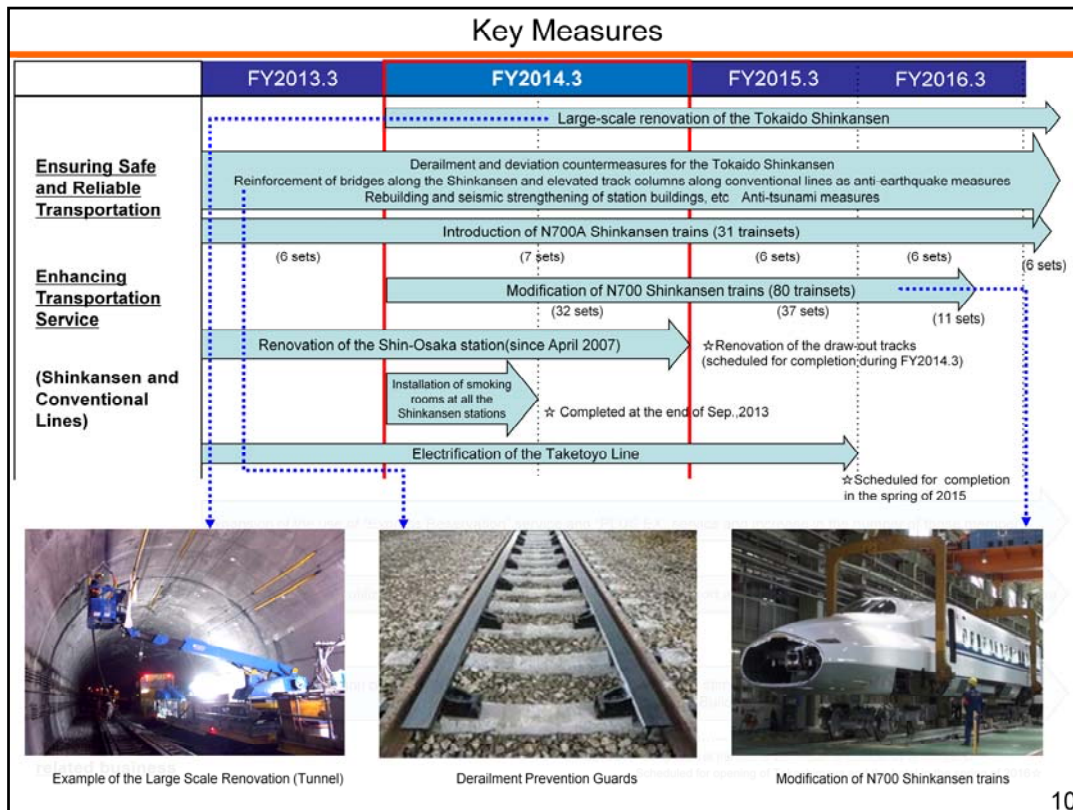
- Operating expenses are estimated to be 1,177 billion yen, which is a 6 billion yen increase over the previous forecast and includes an increase in expenses by JR-Central and the cost of sales by JR Tokai Takashimaya, etc.

- An increase of 8 billion yen in non-operating expenses by JR Central will result in an increase of 9 billion yen in ordinary income to 356 billion yen compared with the previous forecast, and net income should be 229 billion yen, which is 7 billion yen larger than the previous forecast.





- Now, I would like to discuss our current key measures and the status of these measures.



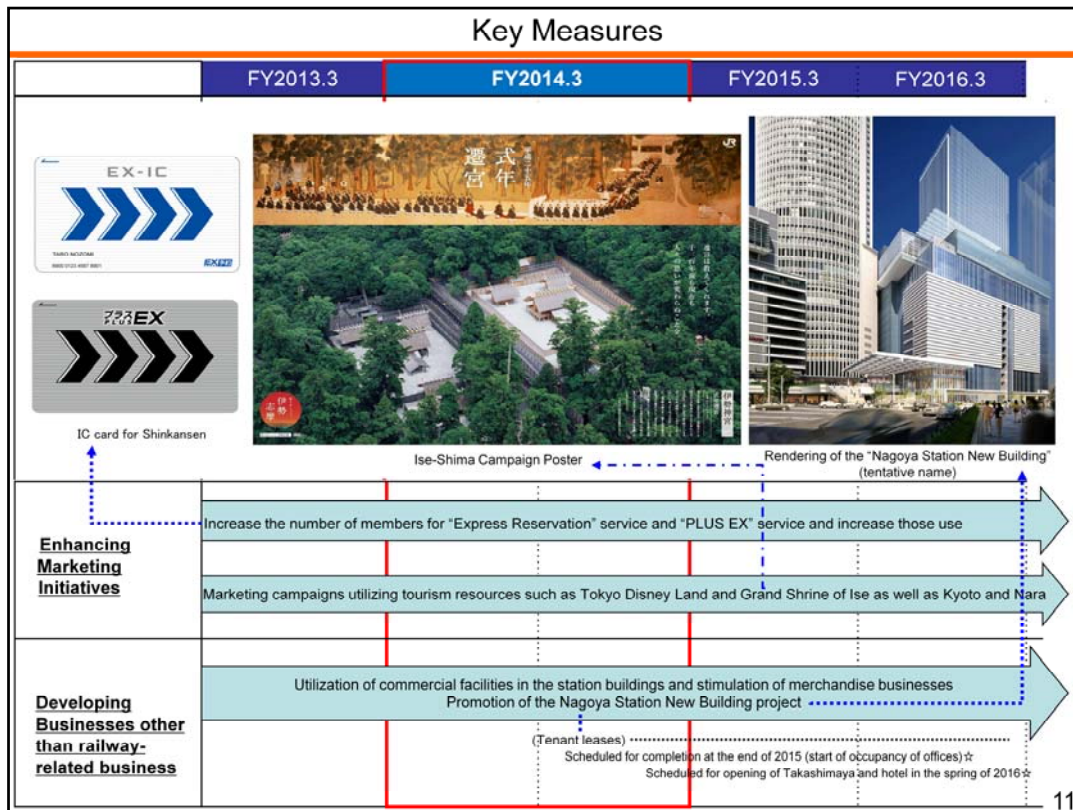
10

- First, I would like to talk about ensuring safe and reliable transportation and enhancing transportation service.

- On the Tokaido Shinkansen, we have started large-scale renovations that will leverage the outcome of our technological research to preserve and improve the soundness of civil engineering structures.

- We are also promoting anti-earthquake measures to prevent derailment and deviation of the Tokaido Shinkansen. We are also introducing the N700A and promoting modifications of the Series N700 to incorporate technology used on the N700A.

- These efforts enable us to ensure safe and reliable transportation and to further enhance our transportation service.



- Second, I would like to mention enhancement of our marketing initiatives and development of affiliated businesses.

- We continue to strive to increase the number of "Express reservation" service members and "PLUS EX" service members and expand use of these services.

- We have also developed various marketing campaigns using many tourism resources, such as the Grand Shrine of Ise, where a special ceremony, the Shikinen Sengu, is held once every twenty years.

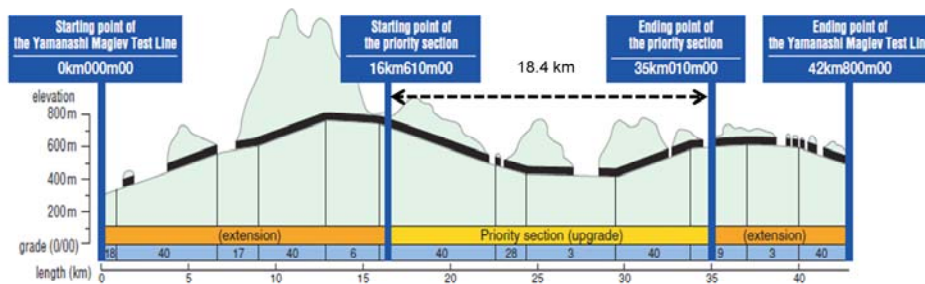
- With regard to affiliated businesses, we are steadily moving ahead with the Nagoya New Building Project as we strive to increase the competitiveness of our existing business.

## Restarted Running Tests on Yamanashi Maglev Test Line

- ◆ Extension of test line to 42.8km and upgrade its facilities.
- ◆ Restarted running tests on August 29, 2013.
  - To confirm that the extended line meets the level of technology needed for operation.
  - To continue to improve Superconducting Maglev technology and lower costs for construction, etc.



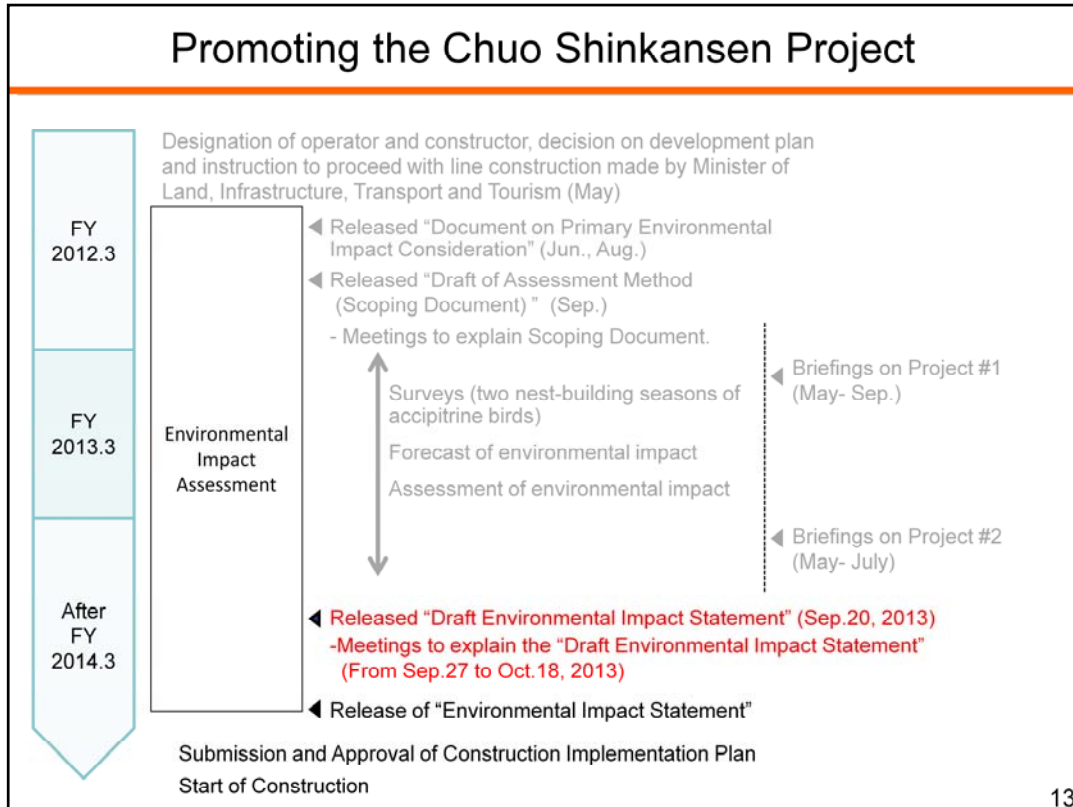
Opening Ceremony for Test Line



12

- Now I would like to talk about Yamanashi Maglev Test Line.
- We extended our test line to 42.8km and upgraded facilities, and restarted running tests in August, 2013, which was earlier than originally expected.
- We will confirm that the extended line meets the level of technology needed for operation, continue to improve Superconducting Maglev technology and lower costs for construction, etc.

## Promoting the Chuo Shinkansen Project



13

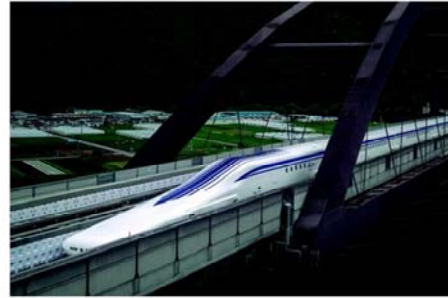
- Finally, I would like to discuss the Chuo Shinkansen project.

- We released a draft of our Environmental Impact Statement (EIS) on September 20, 2013, in which we announced route details and station locations for the Chuo Shinkansen as well as the results of environmental impact research.

- As of October 18, 2013, we have held ninety-two meetings to explain the Draft EIS and are now in the process of gathering public comments on it. After we have gathered opinions from the governors of the prefectures through which the Chuo Shinkansen will travel, we will finalize and publish the EIS.

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FY2014.3 (Fiscal Year Ending March 31, 2014)

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Central Japan Railway Company  
October 30, 2013



In this documentation, forward-looking statements, such as those regarding business plans, strategies, and financial forecasts, are based on assumptions that reflect information available at the time of writing. The accuracy of such statements, therefore, is inherently uncertain because it is affected by future macroeconomic trends and business environment developments, notably, consumption trends, competitive challenges, and changes in relevant laws and legal provisions.